

PBI Acceleration Proposal



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Background

- D.06-08-028 (August 24, 2006), the CPUC determined:
The basic rationale for a PBI structure is to ensure that ratepayer subsidies for solar are paid based on effective system design, installation, and ultimately on performance, and not simply the rated capacity of the physical components.
- Customers with larger systems have an inherent incentive to police the performance of their systems because of the large capital investments associated with their system installation.
- A PBI acceleration scheme will uphold the original rationale of a performance-based incentive program, while also making it more cost-effective for the Program Administrators to carry out the program.

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Proposal Reasoning

- Need to reduce administrative costs
- Current PBI Incentive Mechanism requires CSI PAs to continue PBI payments post-December 31, 2016
 - Incentive Reservation Period – 12 to 18 Months
 - Up to three 180 days extensions for schools
 - 60 months of payments
- Disconnect between CSI program sunset date 2016 and PBI sunset date 2024
- Need to bring PBI payments into alignment with sunset dates

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Key Terms

- PCD- Program Change Date
- Existing Project — Any project that has already begun reporting by the PCD
- New Project — Any project that has not yet reported as of the PCD
- OPF — Overproduction Factor
- Actual Production — The actual performance, in kWh, reported by the system
- Estimated Production — The expected performance of the PV system, in kWh, generated by the EPBB calculator
- Remaining Kwh — The total number of kWh we will 'buyout', which excludes any production data previously incentivized.

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Acceleration Proposal

- Reporting Timeline changed from 60 months to 24 months
 - New Projects will only need to report for 24 months
 - Existing projects will need to have reported for at least 24 months in order to receive close-out payment
- Comparison of actual yearly production to estimated yearly production to determine over and under producers
- Cap on overproduction
- Buy-Out Remaining Months with one final payment

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Calculation

Overproduction Factor (OPF)

- A comparison of the actual yearly production to the estimated yearly production will determine the OPF for projects*
- Actual production is based on 24 months of consecutive data
 - Existing Projects – Actual production for calculation purposes based on most recent 24 months of consecutive data

OPF Calculation:

$$\text{OPF} = ((\text{Actual Production} / \text{Estimated Production}) - 1 \times 100\%)$$

- OPF cap for overproducing projects of 8-10% will be enforced

*Under producing projects will have a negative OPF

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Calculation

Remaining kWh:

OPF applied to Estimated Production

Remaining kWh = Estimated 5-year Production
(with OPF) – the actual production

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Calculation

PBI Closeout Payment:

Payment based on approved PBI incentive rate
(includes discount rate)

Closeout Payment = Remaining kWh * PBI
incentive rate

Sample Closeout Calculation

A solar system expected to produce 5,000,000 kwh over 5 years (1,000,000 kwh/year estimated).

- **Actual** 24 month production of 2,200,000 kwh, or 1,100,000 kwh/year (actual)
- Approved incentive rate of \$0.22/kwh
- **The calculated OPF** for this project would be $(1.1/1.00)$ or 10%.
- **Remaining kWh** = the expected 5 year production amount + the additional overproduction – total reported actual production

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Sample Closeout Calculation

For this example, Remaining kWh = $(5,000,000 * 110\%) - 2,200,000 = 5,500,000 - 2,200,000 = 3,300,000$ kWh

PBI Closeout Payment:

- Thus, we have 3.3 million remaining kWh, compensated at \$0.22 per Kwh.
- PBI Closeout Payment = $3,300,000 * 0.22 = \$726,000$

The payment for this system would be **\$726,000.**

Missed Months

True Production is based on 24 consecutive months

Exceptions:

- Communication Errors – month may be skipped and payment extended. For calculation purposes, estimated data will be used. (up to 3 months)
- System Failure – pay on partial data or forfeit entire month. For calculation purposes, partial or 0 will be used.

PBI Requirements

- Continue Five Year PMRS Requirement
- PDP Contract - requires 24 months of valid PDP Data
- +/- 2% accuracy metering requirement

Q&A Panel

